

NEVADA ENVIRONMENTAL RESPONSE TRUST

LE PETOMANE XXVII, INC., NOT INDIVIDUALLY BUT SOLELY AS ENVIRONMENTAL RESPONSE TRUST TRUSTEE

3Q 2018 STAKEHOLDER CONFERENCE CALL

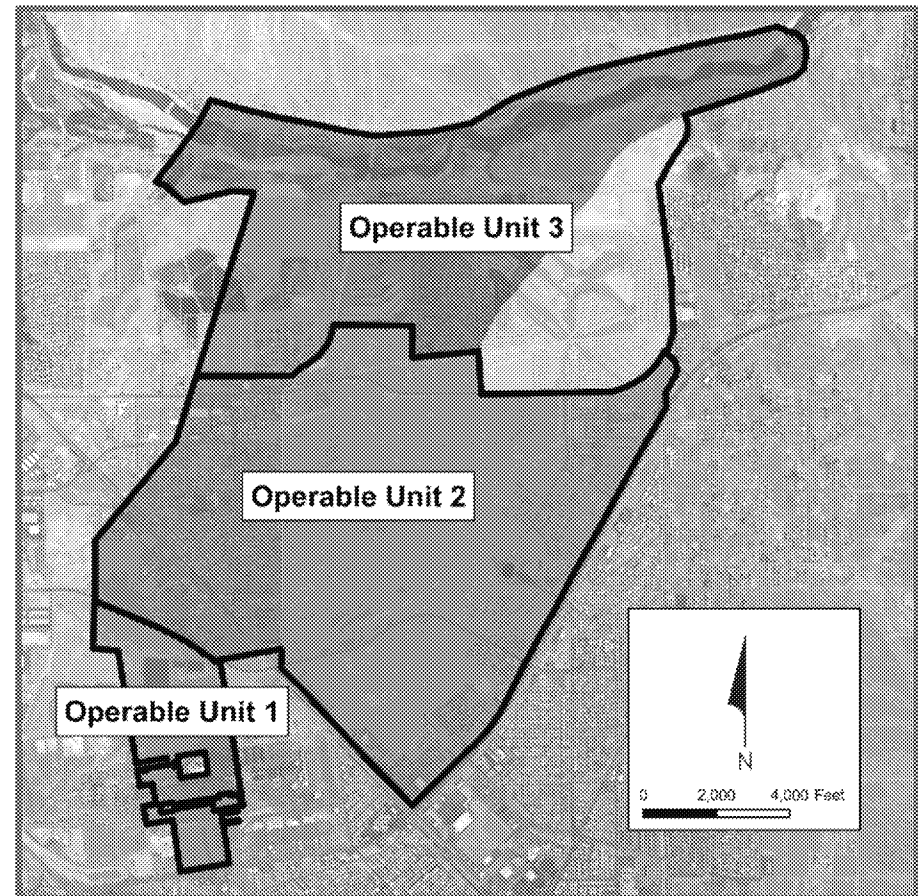
AUGUST 1, 2018

STATE OF THE TRUST – 3Q 2018

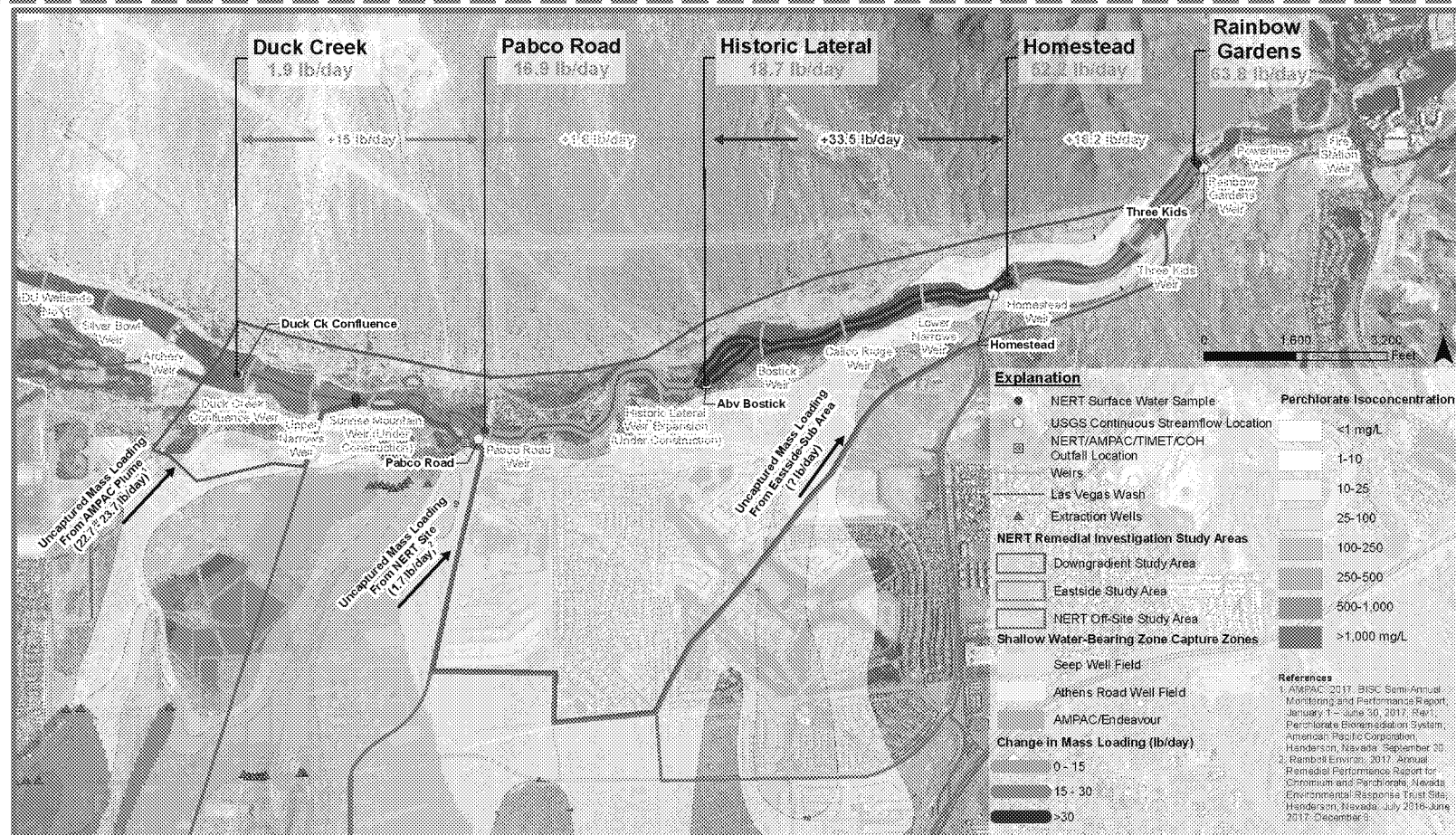
- Remedial Investigation on schedule
 - Phase 3 RI within OU-2 has been completed
 - Off-site access finalized for Phase 3 RI within OU-3
 - Downgradient Phase 1 groundwater wells installed
- Feasibility Study on schedule
 - 6 treatability / pilot studies currently underway
- AP-5 material removal complete
- Drafting of OU-1/OU-2 Remedial Investigation Report underway
- Receipt of \$7,858,684 from DOD on 6/25 (100% of demand)
- 1st Half 2018 costs and investment income thus far as projected
- Continued progress on NERT Third Amendment
- Advancing dialogue on AMPAC matter

NERT REMEDIAL STRATEGY

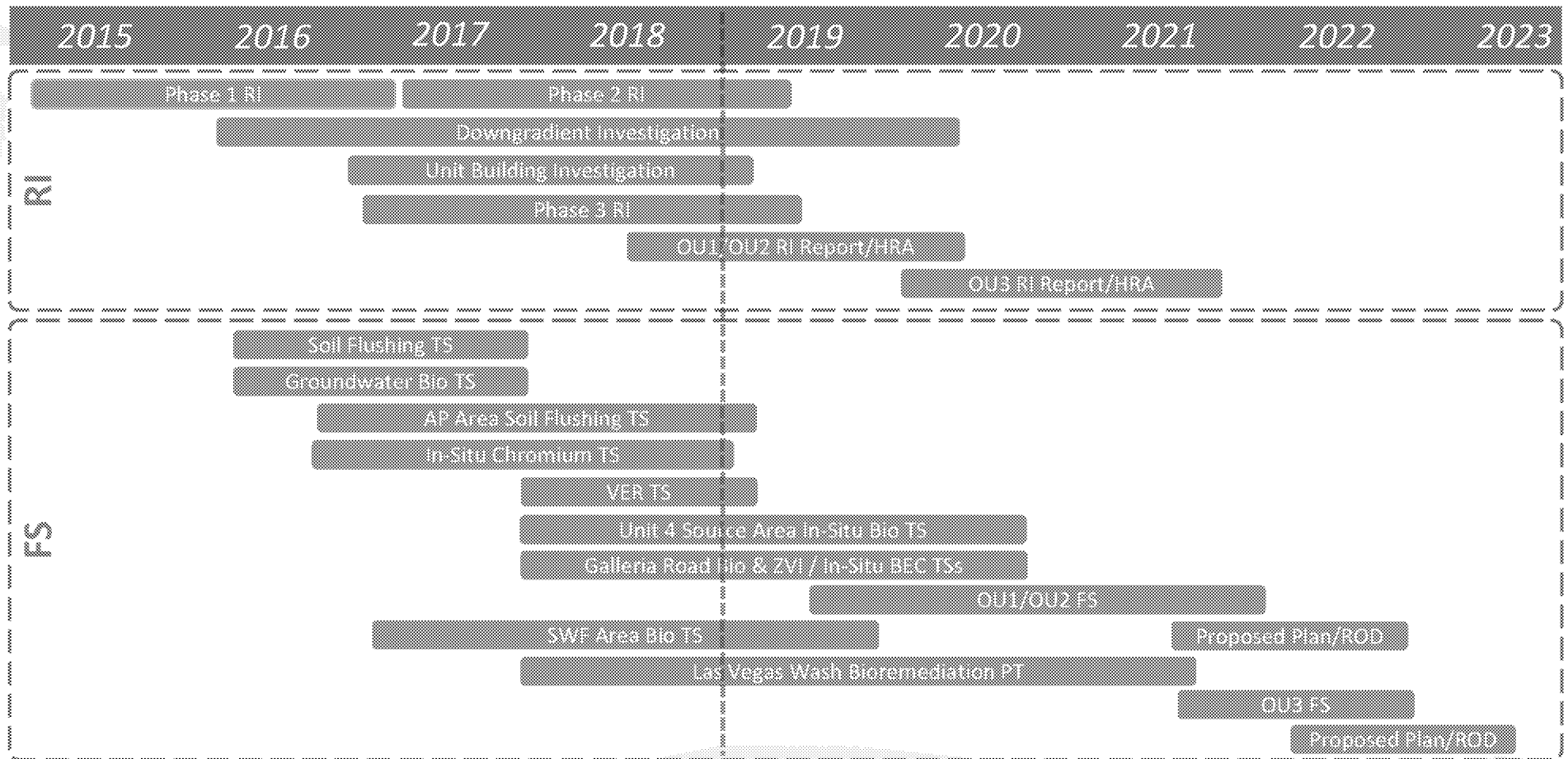
- OU strategy implemented in 2017 to expedite remedy implementation
- RAOs established for each OU
 - OU 1: Site Source Control and Containment
 - OU 2: Mid-Plume Containment and Mass Removal
 - OU 3: Mitigate Discharge to Las Vegas Wash



NERT REMEDIAL STRATEGY



REMEDIAL PROGRAM UPDATE



NEVADA ENVIRONMENTAL RESPONSE TRUST

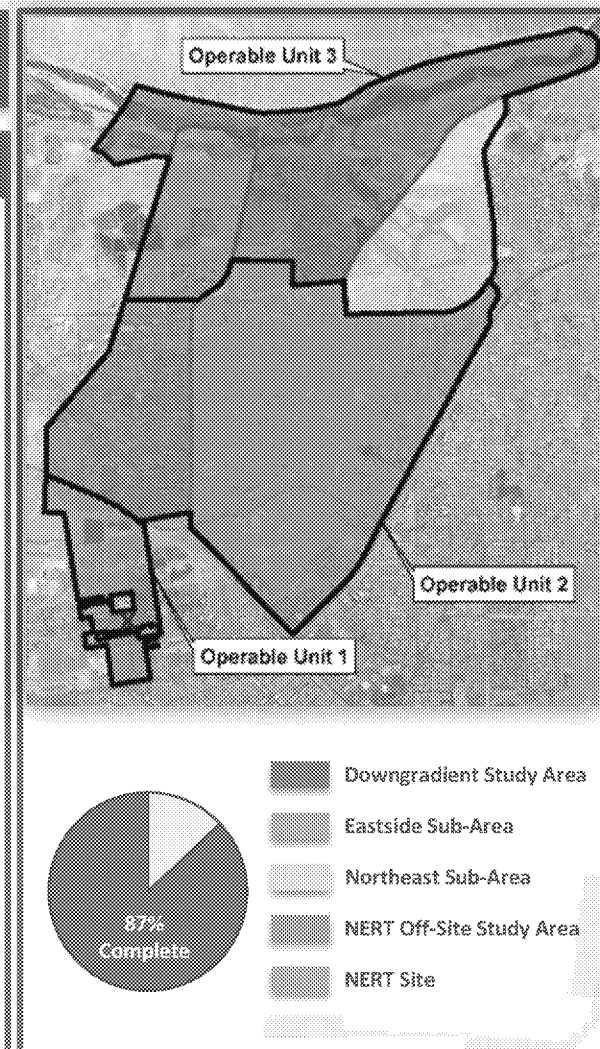
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REMEDIAL PROGRAM UPDATE: OU-1/OU-2 3Q 2018 STAKEHOLDER CONFERENCE CALL

REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: UNIT 4 & 5 BUILDINGS INVESTIGATION

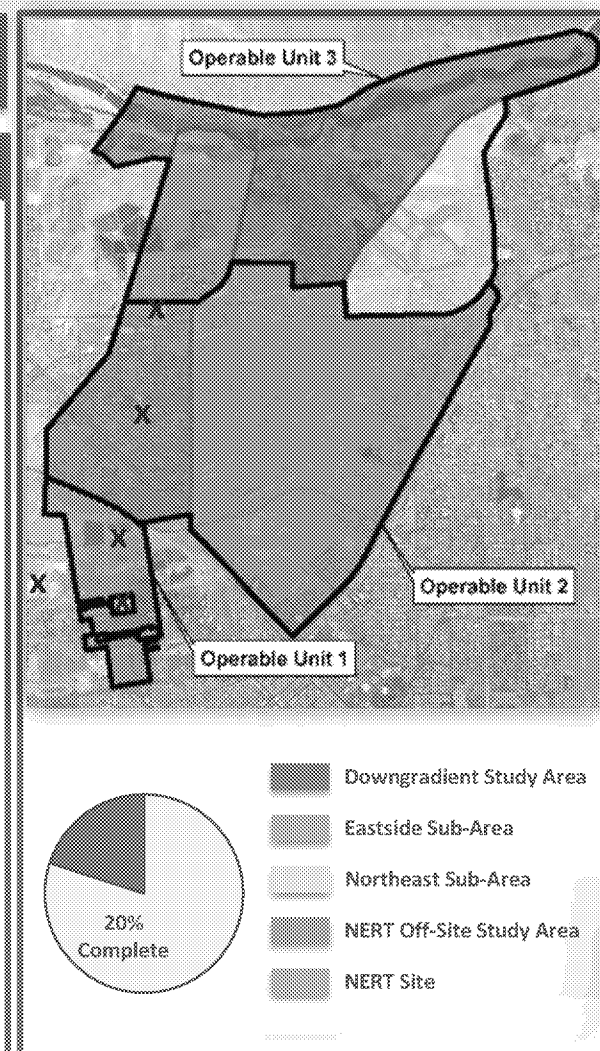
- Field work complete
 - 21 permanent wells
 - 330 groundwater samples
 - 77 soil borings
 - 1,527 soil samples
- Data evaluation and report preparation underway
- Report will be submitted as part of the OU-1 / OU-2 RI Report (March 2019)



REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: PHASE 2 RI MODIFICATIONS

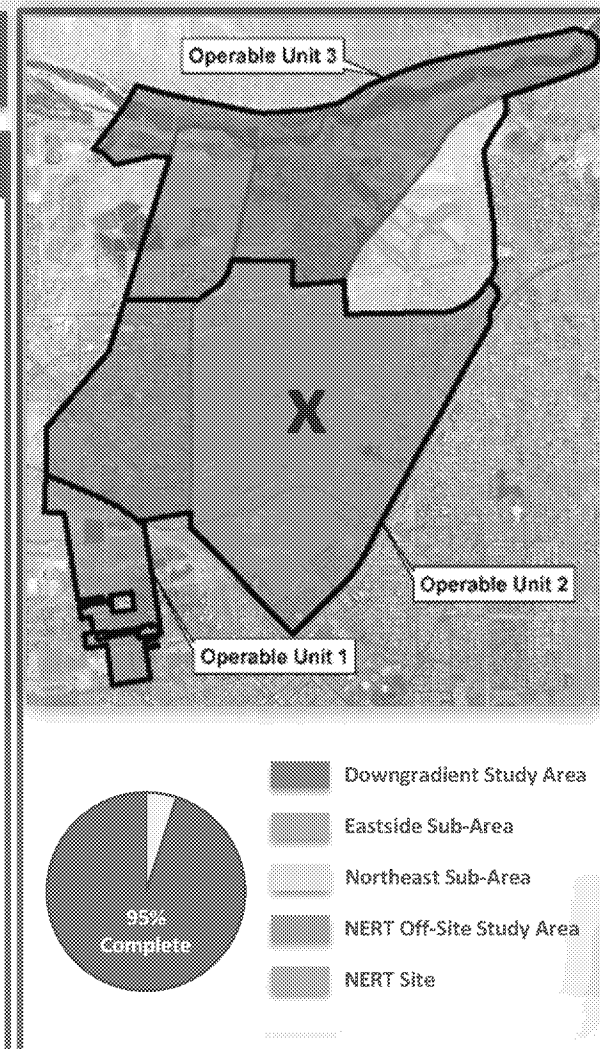
- Modification #6 : Soil Background Study underway (field work complete)
- Modification #11 : OU-1/OU-2 Soil Gas Investigation beginning in September 2018 (Date pending work plan approval)
- Modification #12 : Parcel E site characterization activities beginning in August 2018 (NDEP approved)
- Additional Work Plans:
 - Barrier Wall Geophysical Integrity Evaluation underway
 - AWF Capture Evaluation / UMCf Matrix Diffusion Evaluation underway



REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: PHASE 3 RI

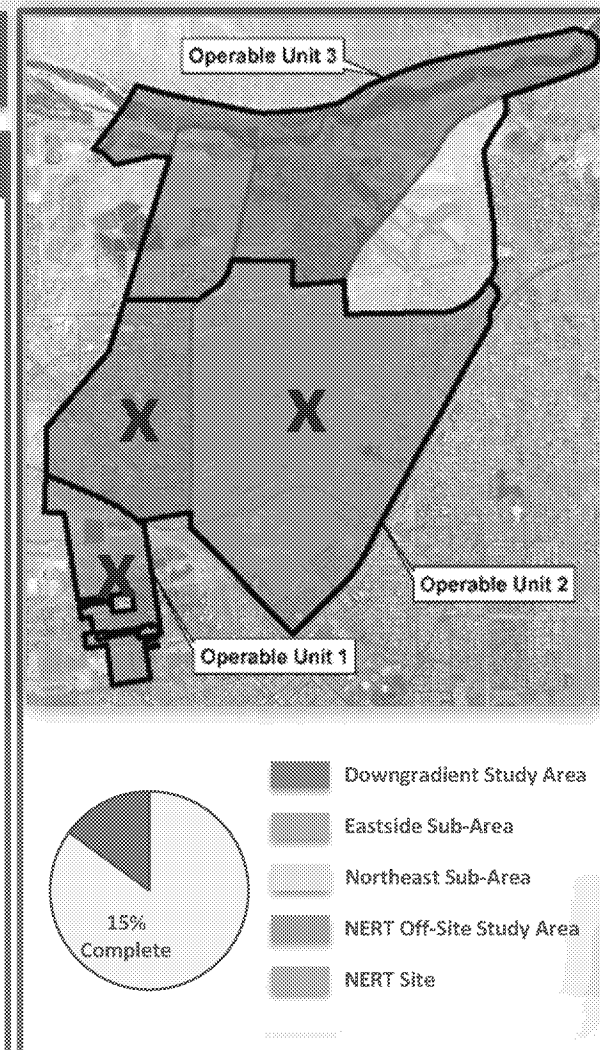
- Drilling and Soil Sampling - Complete
 - 27 monitoring wells
 - 18 soil borings
 - 57 transect borings
 - 580 soil samples
 - 186 physical test samples
- Well Development, Sampling, and Hydraulic Testing - Ongoing
 - 27 new monitoring wells developed and sampled
 - 113 existing wells sampled
 - 30 wells slug tested



REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: RI REPORT

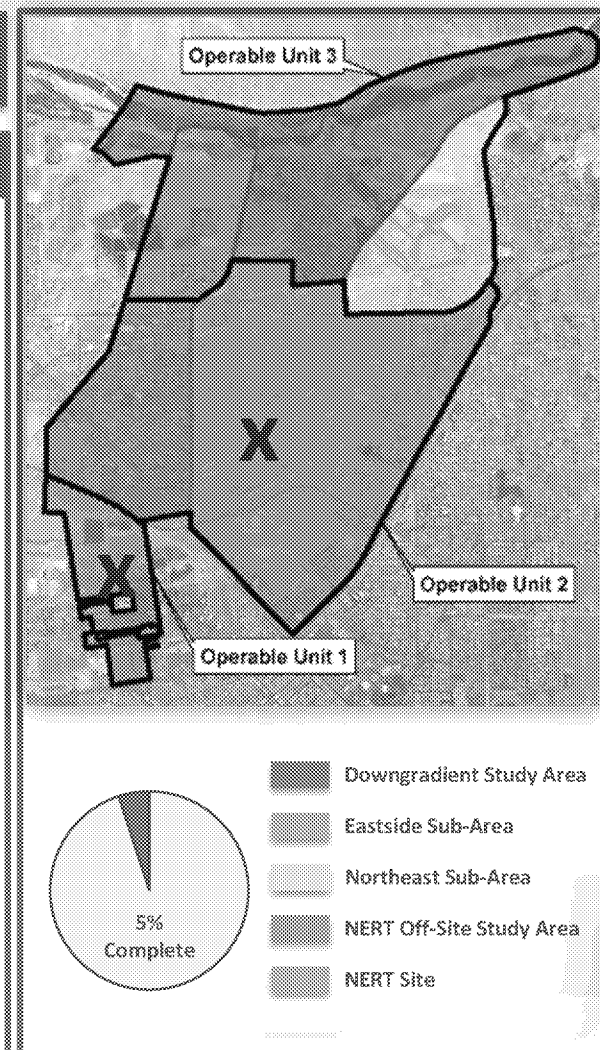
- Preparation of RI Report in progress
 - Data evaluation
 - Geologic cross section development underway
 - Initial draft sections of RI Report (Introduction, Site History, Regulatory Actions and Site Investigations, Physical and Environmental Setting, Conceptual Site Model, and Risk Assessment Summary)
- Stakeholder Roundtable to be scheduled in late 4Q 2018
- OU-1/OU-2 RI Report to be submitted in March 2019



REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: RISK ASSESSMENTS

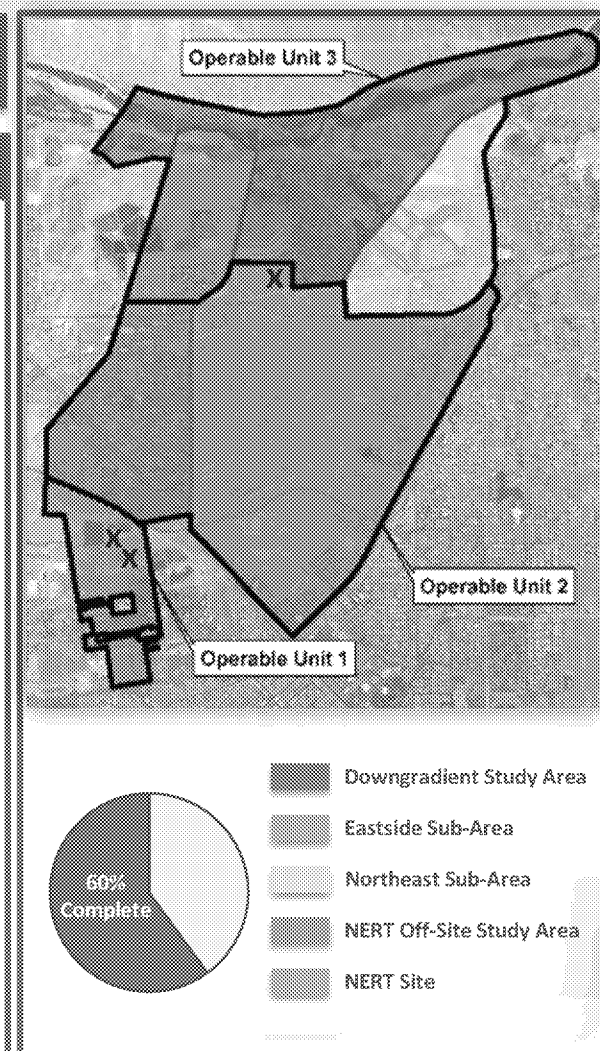
- OU-1 Soil COPC / Decision Unit Report approved in December 2017
- OU-2 Screening Ecological Risk Assessment Work Plan submitted in June 2018
- OU-1 / OU-2 Soil Gas /Groundwater Baseline Health Risk Assessment Work Plan under preparation; work plan to be submitted in early August 2018
- OU-1 Soil Baseline Health Risk Assessment underway; report to be submitted in ~March 2019
- OU-1 / OU-2 Human Health and Ecological Risk Assessment reports to be submitted in ~July 2019



REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: FEASIBILITY STUDY

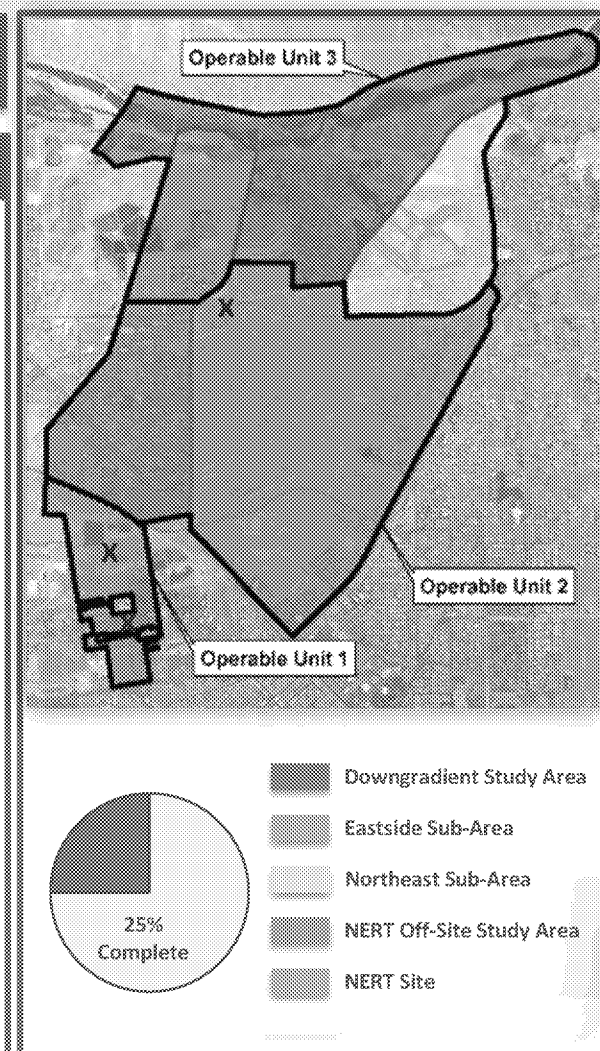
- In-Situ Chromium Treatability Study
 - Addressed NDEP comments; revised report submitted in June 2018
- Vacuum Enhanced Recovery Treatability Study
 - Report submitted in July 2018
- Galleria Road Bioremediation Treatability Study
 - Phase 1 field activities completed
 - Stakeholder Roundtable to be held in August 2018
 - Work Plan Addendum (incl. third-party cost review) to be submitted in October 2018
 - Final Report to be submitted in 2Q 2020



REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: FEASIBILITY STUDY

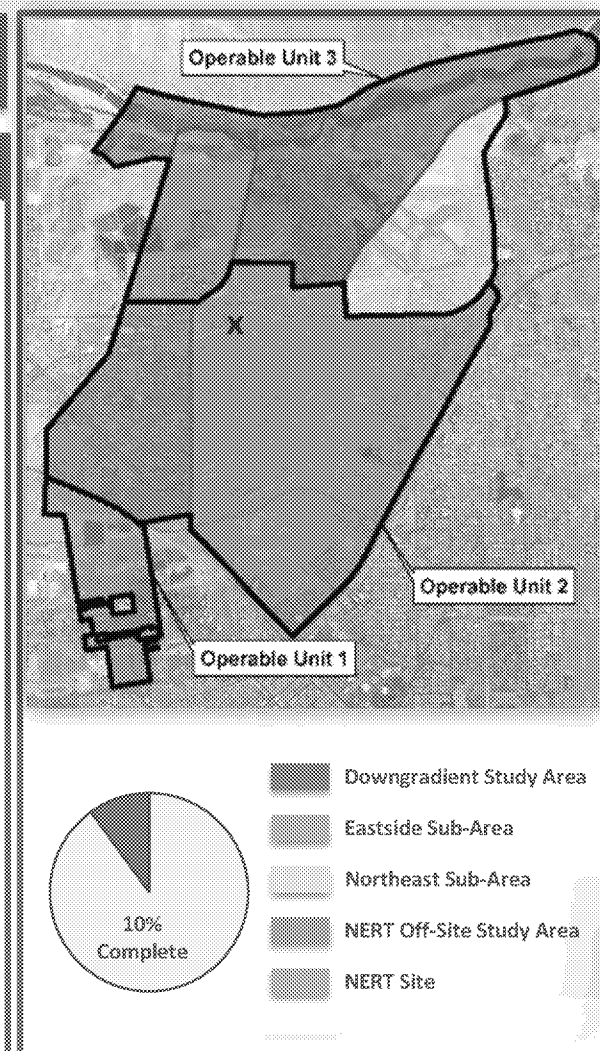
- AP Area Soil Flushing Treatability Study
 - Data evaluation ongoing
 - Report to be submitted in August 2018
- Galleria Road ZVI Treatability Study
 - Phase 1 field activities completed
 - Completion of UNLV bench-scale lab testing 4Q 2018
 - Stakeholder Roundtable to be scheduled 4Q 2018
 - Work Plan Addendum (incl. third-party cost review) to be submitted in 1Q 2019
 - Report to be submitted in 1Q 2020



REMEDIAL PROGRAM UPDATES

OU-1 / OU-2: FEASIBILITY STUDY

- Unit 4 In-Situ Source Area Treatability Study
 - Site characterization activities ongoing
 - Stakeholder Roundtable to be scheduled 4Q 2018
 - Work Plan Addendum (incl. third-party cost review) to be submitted in 1Q 2019
 - Report to be submitted in 4Q2 2020
- In-Situ Bioelectrochemical Laboratory-Scale Treatability Study
 - Work Plan submitted in May 2018 (NDEP approved)
 - Laboratory testing underway
- OU-1/OU-2 Feasibility Study to be submitted in 1Q 2021



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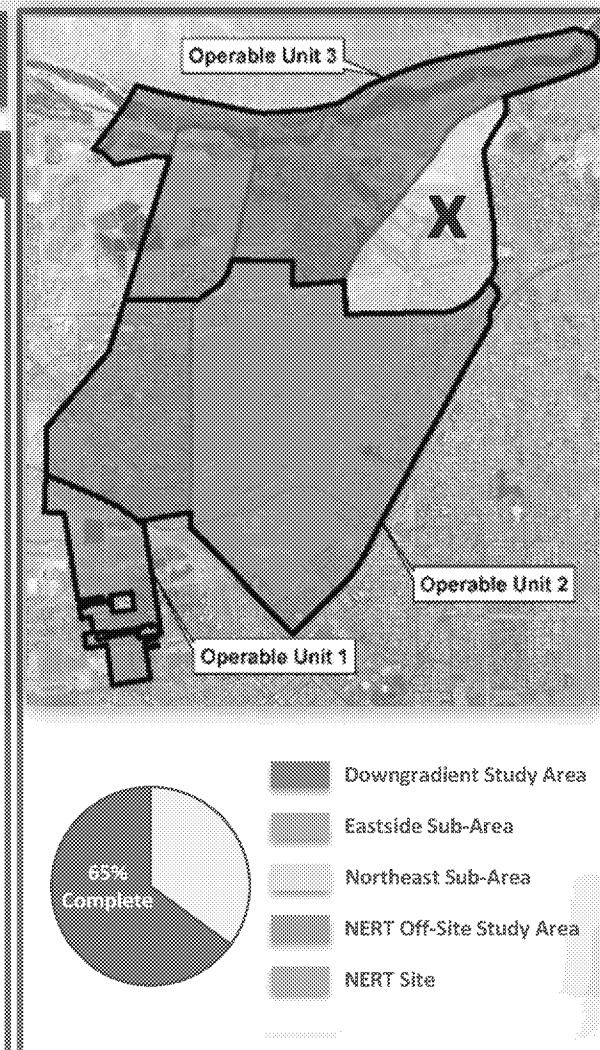
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REMEDIAL PROGRAM UPDATE: OU-3 3Q 2018 STAKEHOLDER CONFERENCE CALL

REMEDIAL PROGRAM UPDATES

OU-3: PHASE 3 RI

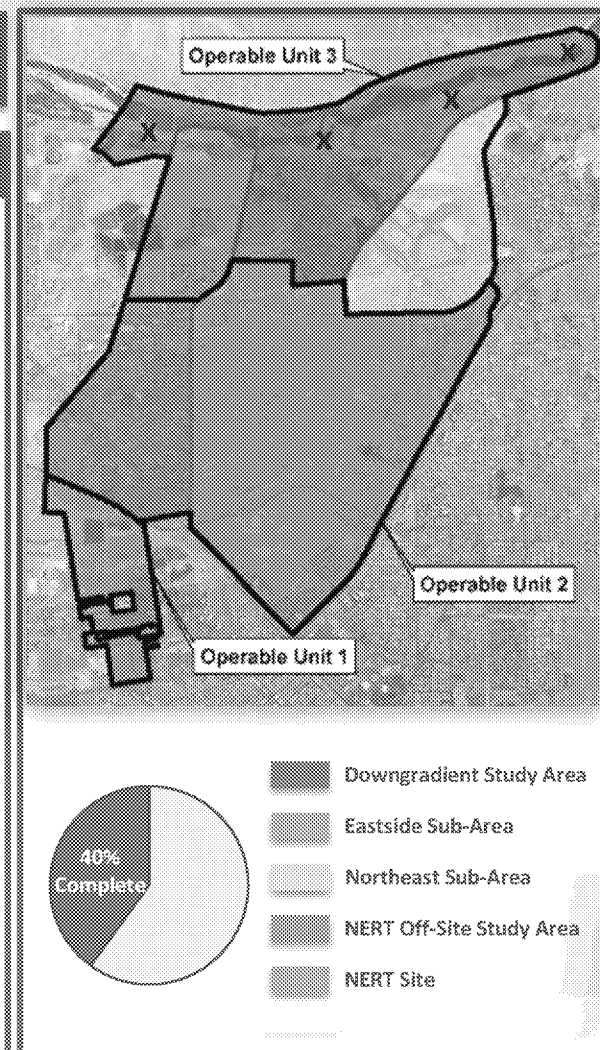
- Drilling and Soil Sampling Completed To Date:
 - 4 monitoring wells
 - 7 transect borings
 - 48 soil samples and 33 physical test samples
- Well Development, Sampling, and Hydraulic Testing Completed To Date:
 - 4 new monitoring wells developed / sampled
 - 30 existing wells sampled
 - 4 wells slug tested
- Installation of wells in Tuscany community began July 30, 2018
- Well sampling and hydraulic testing to follow well installation and development



REMEDIAL PROGRAM UPDATES

OU-3: DOWNGRADIENT INVESTIGATION

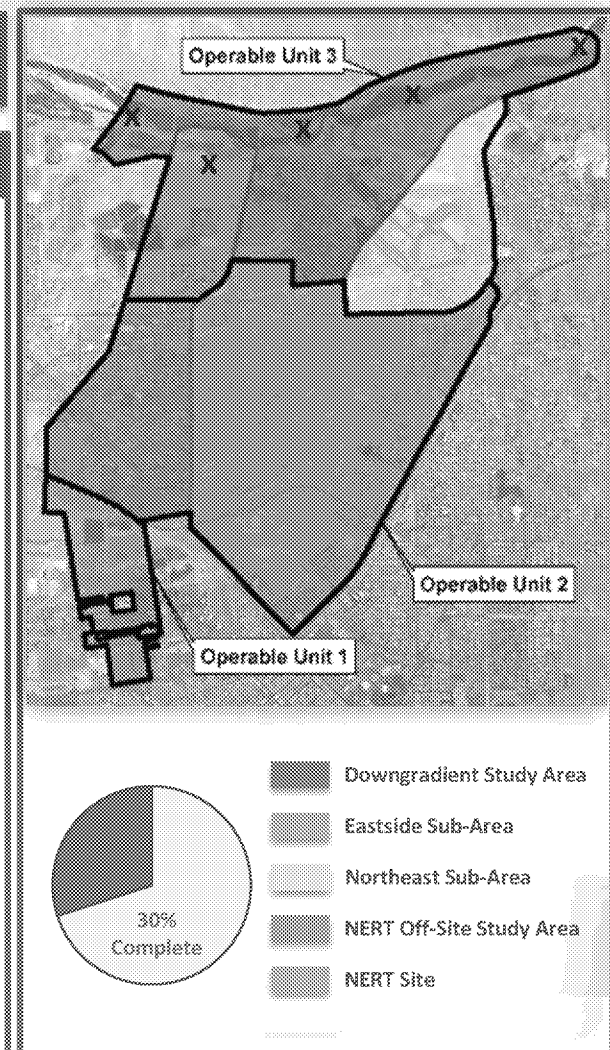
- Thermal Infrared Investigation and Distributed Temperature Survey completed
- Surface Water Sampling completed
- Phase 1 Groundwater investigation drilling activities completed
- Groundwater investigation underway



REMEDIAL PROGRAM UPDATES

OU-3: PHASE 2 RI MODIFICATIONS

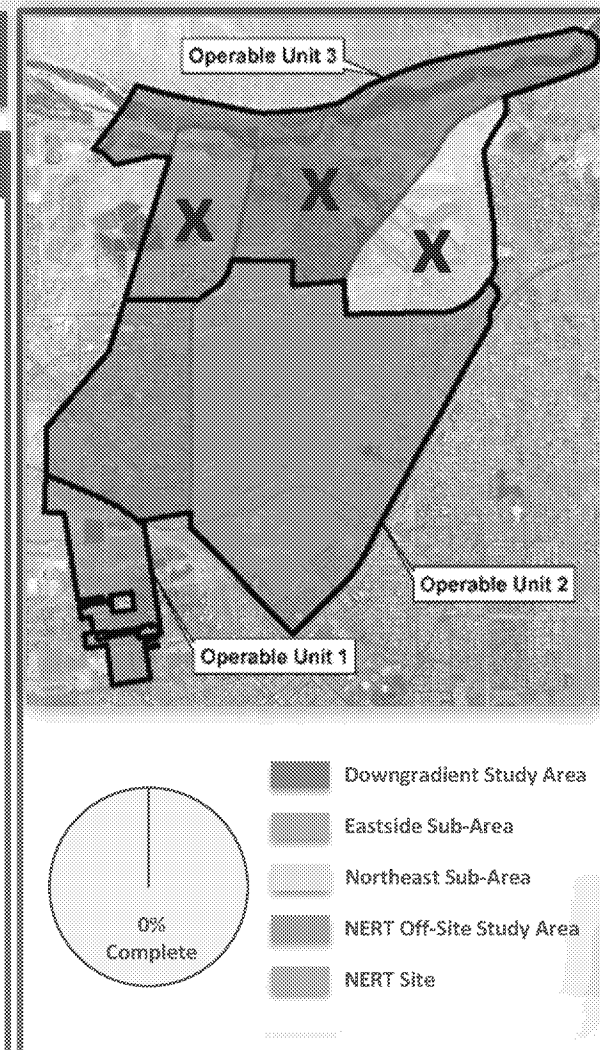
- Modifications # 3 & 10 : Surface water sampling program ongoing
- Forthcoming Modification
 - Additional deep soil borings planned within NERT Off-site RI Study Area to complement Downgradient Investigation



REMEDIAL PROGRAM UPDATES

OU-3: RI REPORT

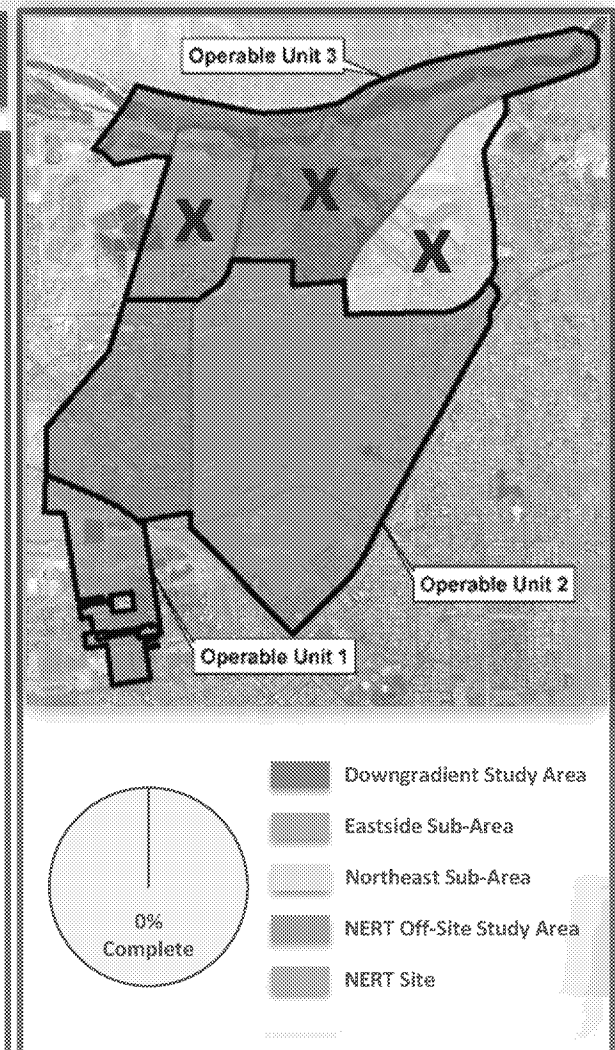
- Report preparation activities expected to begin in 2019
- Stakeholder Roundtable to be scheduled in 1Q 2020
- OU-3 RI Report to be submitted in 2Q 2020



REMEDIAL PROGRAM UPDATES

OU-3: RISK ASSESSMENTS

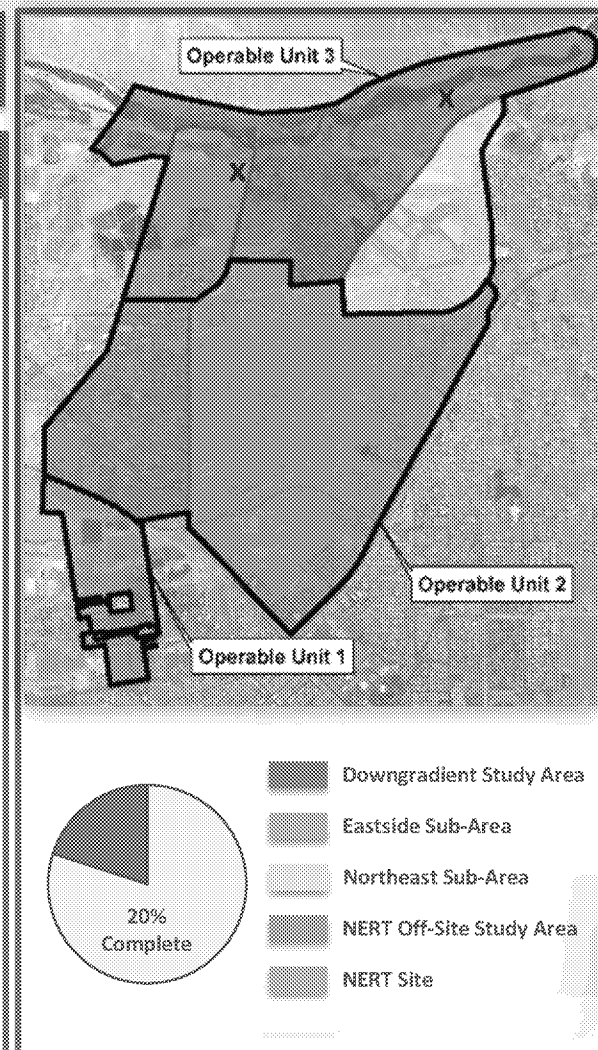
- OU-3 Baseline Ecological Risk Assessment Work Plan to be submitted in August 2018
- OU-3 Baseline Health Risk Assessment Work Plan to be submitted in 2Q 2019
- OU-3 Baseline Ecological and Health Risk Assessment reports to be submitted in 4Q 2020



REMEDIAL PROGRAM UPDATES

OU-3: FEASIBILITY STUDY

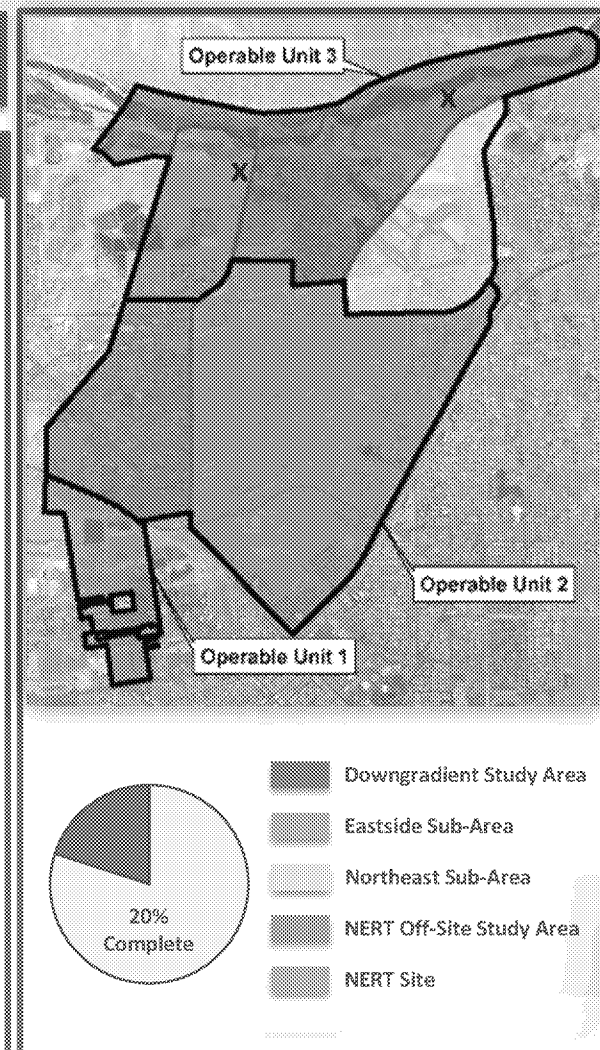
- Seep Area Bioremediation Treatability Study
 - Third injection completed, monitoring underway
 - Report to be submitted in 1Q 2019
- Las Vegas Wash Pilot Study
 - Transect 1A field activities complete (COH property)
 - Transect 1B activities ongoing (CC property)
 - TS Modification forthcoming for additional deep soil borings/wells near Calico Ridge Weir
- Stakeholder Roundtable to be scheduled 4Q 2018
- Work Plan Addendum (incl. third-party cost review) to be submitted in 1Q 2019
- Report to be submitted in 1Q 2021



REMEDIAL PROGRAM UPDATES

OU-3: FEASIBILITY STUDY

- Feasibility Study to be submitted in 4Q 2021



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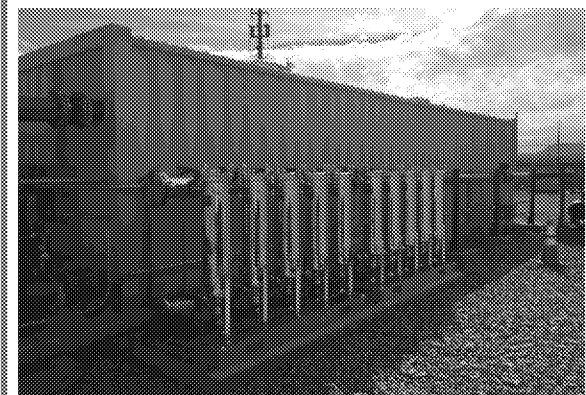
OTHER PROJECTS

3Q 2018 STAKEHOLDER CONFERENCE CALL

OTHER PROJECTS

GWETS

GWETS COMPONENT	STATUS	COMMENTS
Extraction Wells	Condition Normal	Average total extraction rate at ~1,260 gpm
Lift Stations / Pipelines	Condition Normal	Increased pigging implemented; coagulant pilot study complete; and coagulant change planned
GW-11 : Volume	35MG ~19 days available	Desired available volume > 17 days; Long-term plan to decommission
Chromium Treatment Plant	Condition Normal	Accepting ~70 gpm from IWF and AP Area Extraction Wells
Biological Treatment Plant	Condition Normal	Processing AP-5 material at ~2 gpm
Ion Exchange Treatment Plant	Condition Normal	Accepting ~180 gpm of 760 gpm generated from SWF



OTHER PROJECTS

AP-5



OTHER PROJECTS

AP-5



OTHER PROJECTS

AP-5

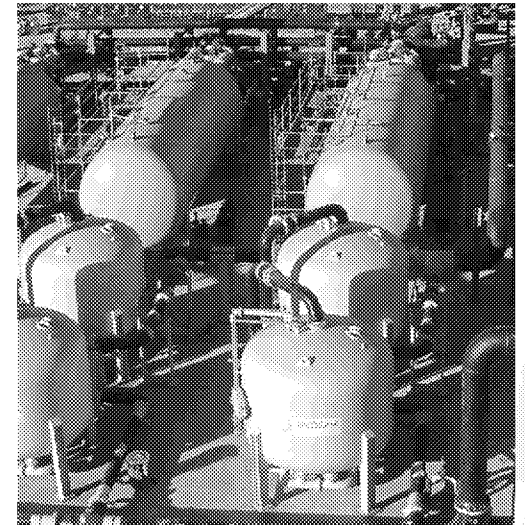
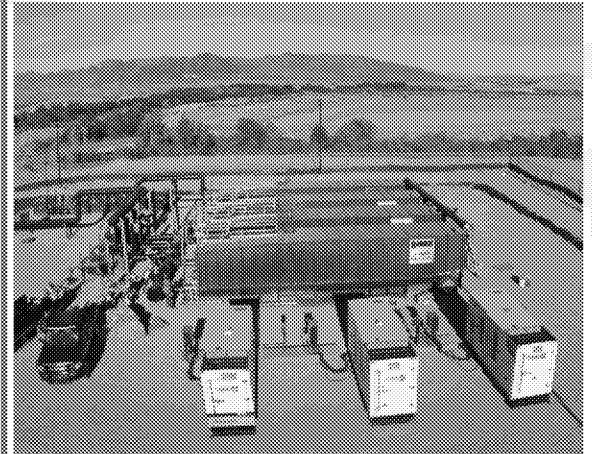
- ~1,550,000 gallons of AP wash water has been decanted and ~2,016,000 gallons have been treated by the FBRs
- Approximately 430,000 lbs of perchlorate destroyed
- In-pond solids removal activities completed July 19, 2018; Approximately 3.5M gallons of slurry transferred
- Liner system (primary liner, secondary liner, filter fabric, drainage sand, gravel sump, and leak detection pipe) removal activities have begun
- Following liner removal the berm will be excavated and disposed offsite
- Ammonia pre-treatment of decant will not be necessary



OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

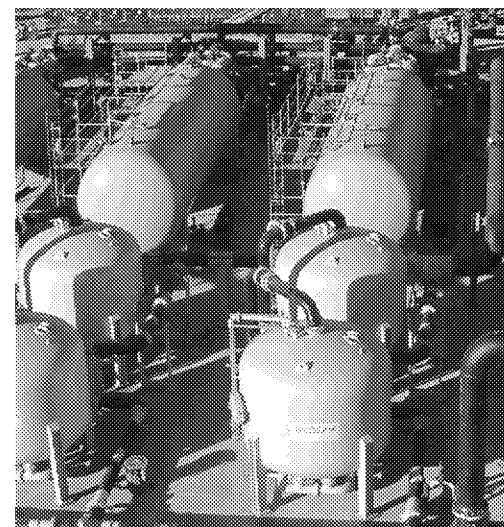
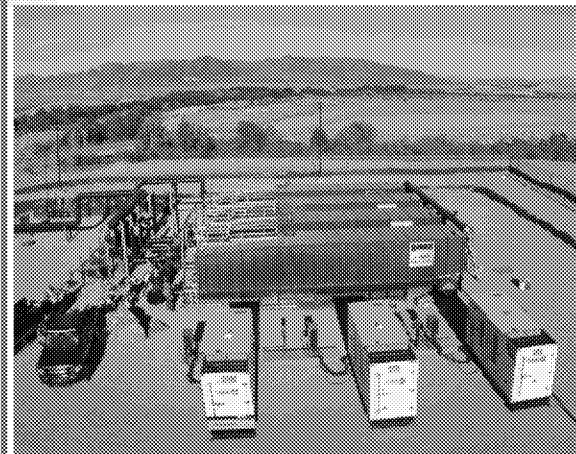
- Historic Lateral Weir
 - June 2018 flow rates varied between 577 to 1,346 gpm; average 1,107 gpm
 - June 2018 perchlorate concentrations varied between 59 and 159 ppb; average 119 ppb
 - Dewatering was terminated by SNWA on June 4, 2018
- Sunrise Mountain Weir
 - June 2018 flow rates varied between 1,598 to 2,258 gpm; average 2,124 gpm
 - June 2018 perchlorate concentrations varied between 918 and 1,340 ppb; average 1,065 ppb
 - Dewatering anticipated to continue through September 2018
- 4,952 lbs of perchlorate removed from the environment



OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

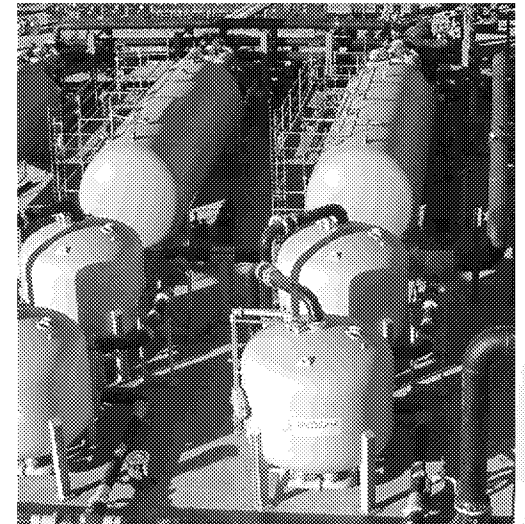
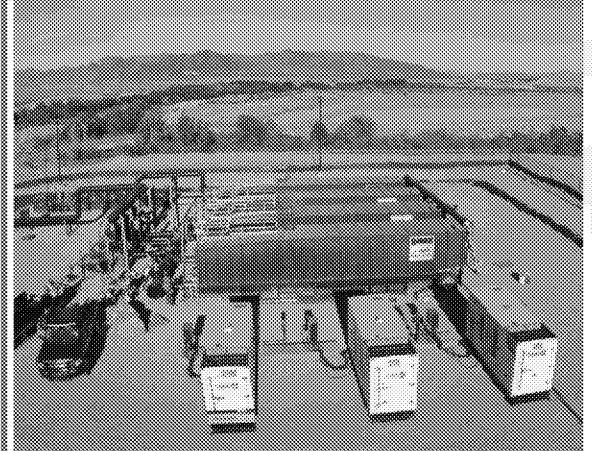
- Demolition
- Disposition
- Restoration



OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

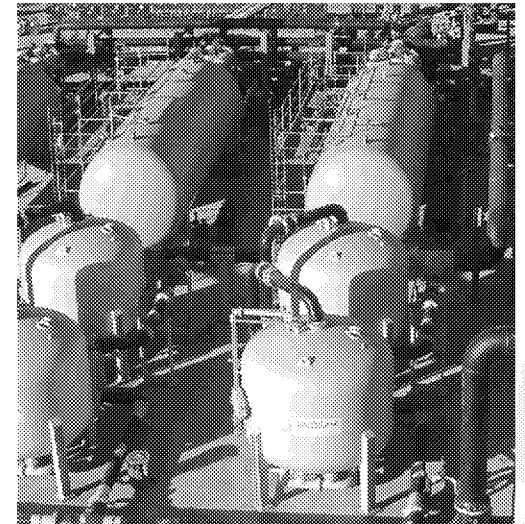
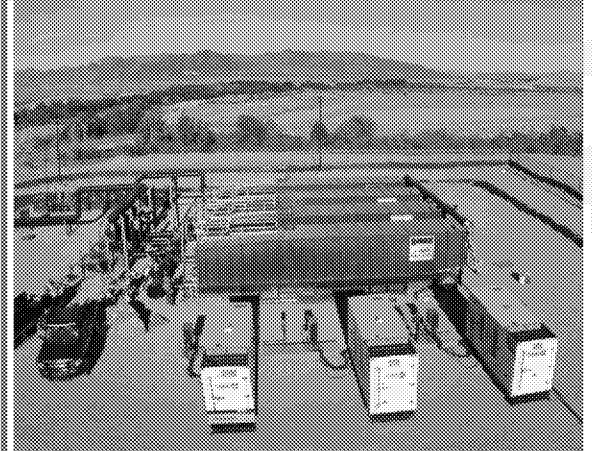
- Demolition
 - 7 contractors identified; 6 contractors received bid packages; 2 provided bids
 - Base bids assumed 100% recycle / disposal with intent to adjust based on disposition path
 - Contractor selected; Scheduling in progress
 - Long-lead permit process has begun
 - One State
 - Four County
 - Bureau of Reclamation Plan



OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

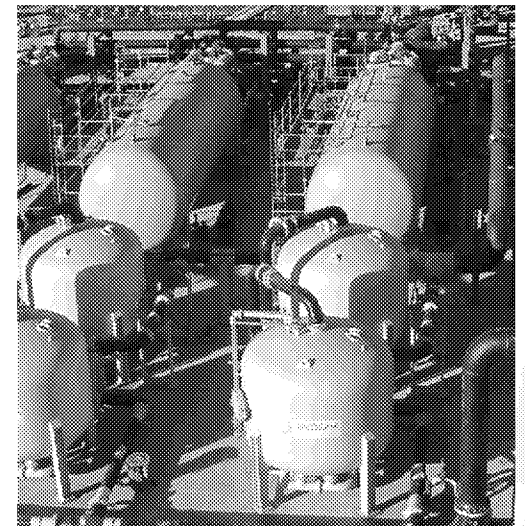
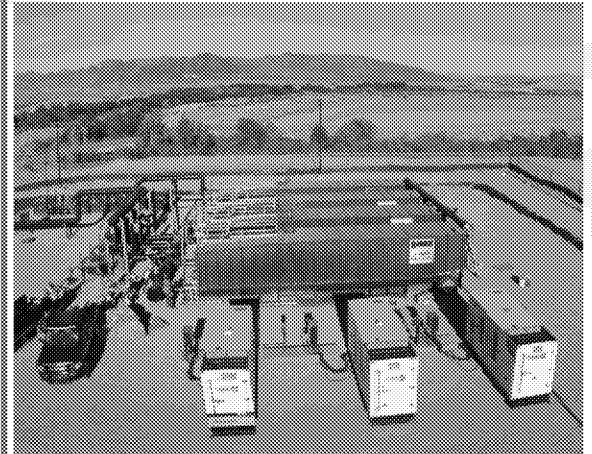
- Disposition
 - Options identified and selected
 - Retain ...what we need
 - Sell ...what can be sold
 - Scrap ...what has value
 - Dispose ...what remains



OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

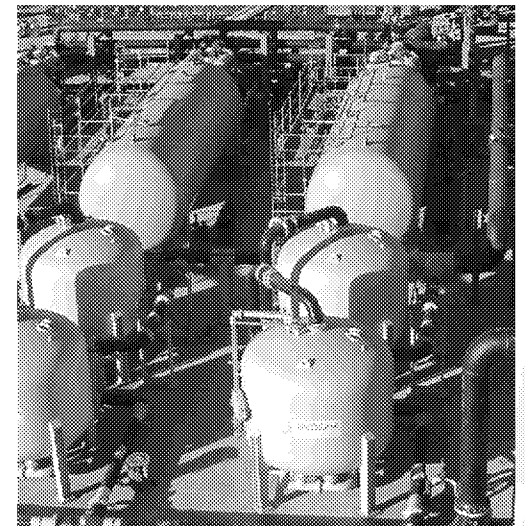
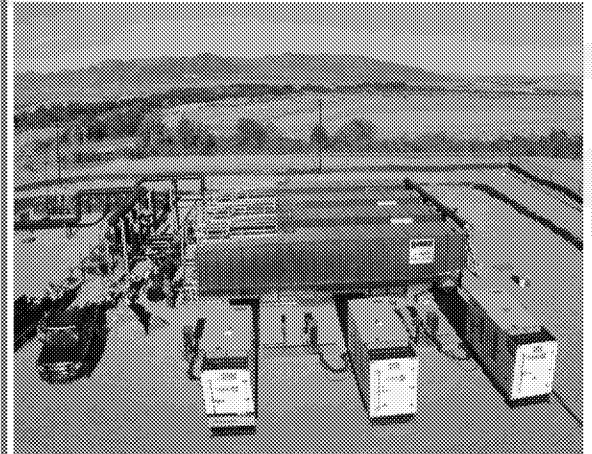
- Disposition
 - Equipment lots
 - *Pumps : 24 from 30 to 2,300 gpm*
 - *Cyclones : 2 sized for 6,900 gpm*
 - *Media filters : 3 sized for 6,900 gpm*
 - *Ion Exchange vessels : 3 sized for 6,900 gpm*
 - *Valves and Instrumentation : Various*
 - *Samplers / Meters : Various*
 - *Electrical Equipment : Various*
 - Rental equipment return to supplier
 - *Generators / Storage Tanks*



OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

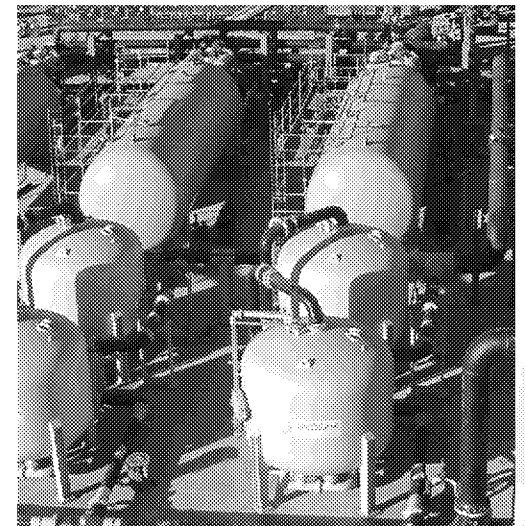
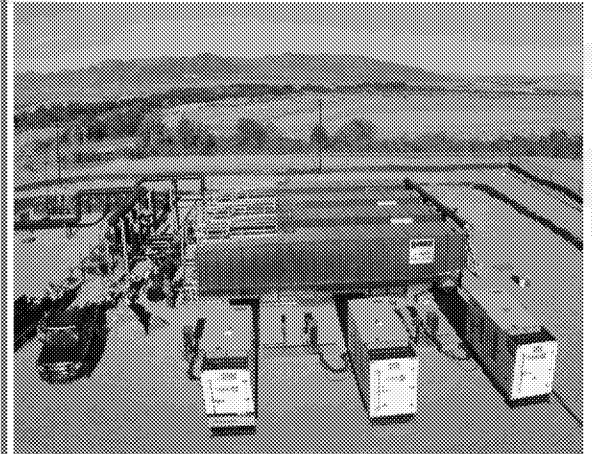
- Disposition
 - Status
 - Finalization of list to retain
 - Coordinating site walk for interested parties
 - Next steps
 - Receive / review bids
 - Adjust demolition scope accordingly



OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

- Restoration
 - Dialogue in progress with Bureau of Reclamation
 - Reclamation Plan to be submitted in August
 - Major components
 - Removal of all components (above and underground)
 - Grading
 - Revegetation



OTHER PROJECTS

SNWA WEIR DEWATERING TREATMENT

July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
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Finalize
disposition /
contracting

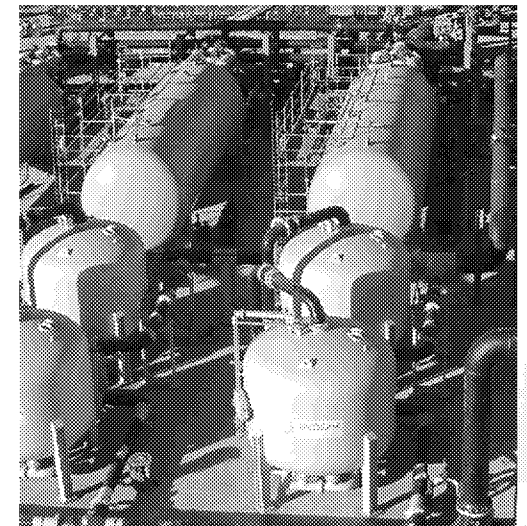
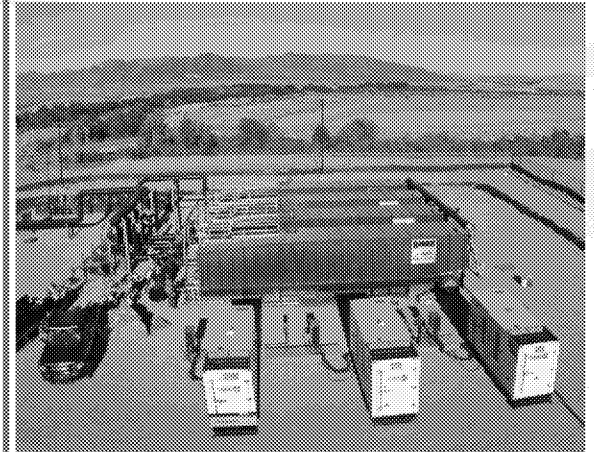
HLPS Decommissioning

CWTP/SMPS Decommissioning

CWTP/SMPS Operations

SNWA Approval for
CWTP/SMPS
Decommissioning

Site Restoration



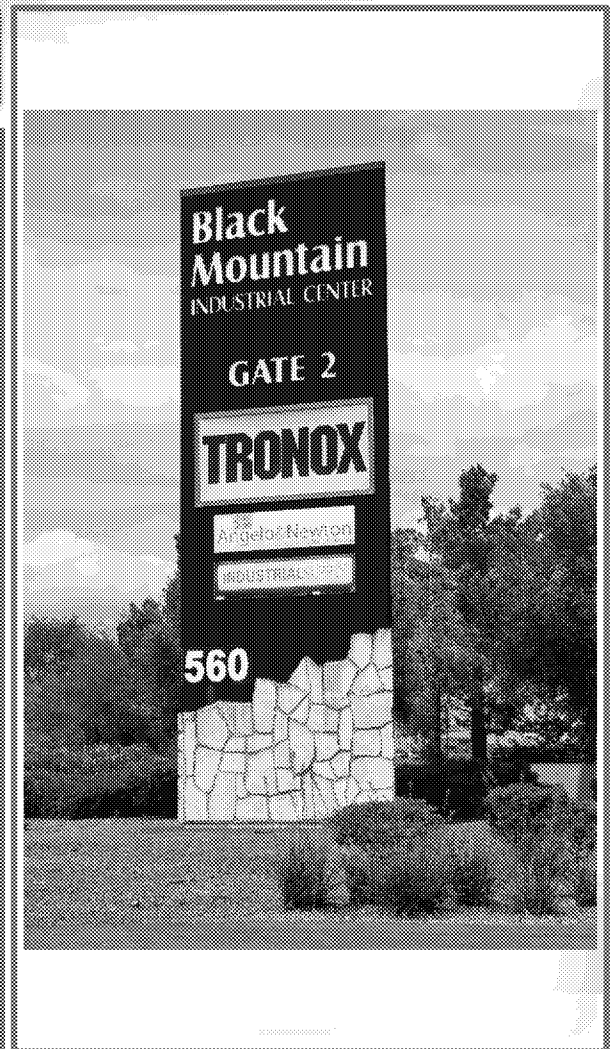
OTHER PROJECTS

TRONOX LEASE ASSIGNMENT

- Tronox requested assignment of its lease in April 2018
- Assignment request was contingent on NERT releasing both Tronox and its Guarantor for all liability
- Project to determine Tronox's lease termination obligations approximately 50% complete

NEW DEVELOPMENT

- Tronox desires to revise its initial request to assignment only; Trust performed compliance audits and intends to approve
- Tronox will be requesting a release, likely limited, separate from the assignment



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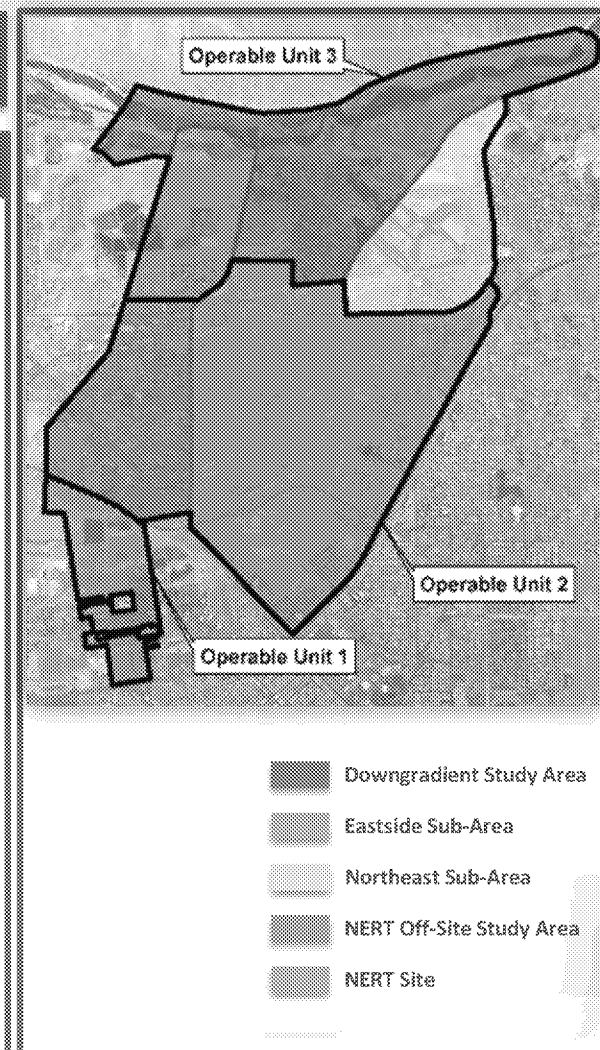
UPCOMING DELIVERABLES AND TECHNICAL ROUNDTABLES

3Q 2018 STAKEHOLDER CONFERENCE CALL

DELIVERABLES AND TECHNICAL ROUNDTABLES

UPCOMING 3Q 2018 DELIVERABLES

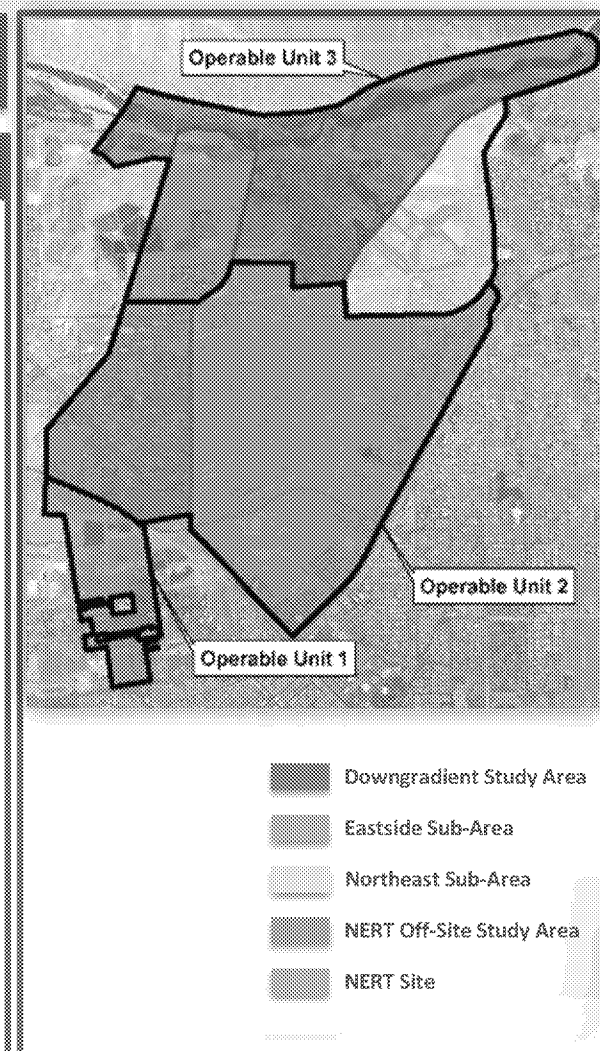
- OU-1/OU-2 Soil Gas/Groundwater BHRA Work Plan (August 2018)
- AP Area Down Flushing Treatability Study Report (August 2018)



DELIVERABLES AND TECHNICAL ROUNDTABLES

TECHNICAL ROUNDTABLES

- 3Q 2018
 - Galleria Road Bioremediation Work Plan Addendum
- 4Q 2018
 - Las Vegas Wash Pilot Study Work Plan Addendum
 - Unit 4 Source Area In-Situ Bioremediation Work Plan Addendum
 - Galleria Road ZVI Work Plan Addendum
 - Remedial Strategy & OU-1 / OU-2 RI Results



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STAKEHOLDER Q&A

3Q 2018 STAKEHOLDER CONFERENCE CALL

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FINANCIAL UPDATES

3Q 2018 STAKEHOLDER CONFERENCE CALL

KEY FINANCIAL PERFORMANCE DATA

Total Equity Holdings* : \$304,433,349

Realized Gains/(Losses)

2018 \$ 4,201,348
Since Inception * \$ 3,259,090

Unrealized Gains/(Losses)

As of 6/30/18 \$ 65,624,868

Dividend Income

2018 \$ 3,861,012
Since Inception * \$ 14,020,294

Total Fixed Income Holdings* : \$ 805,366,000

Interest Income

2018 \$ 7,722,827
Since Inception * \$ 30,506,894

Investment Fees (2018) :

U.S. Bank Custodial	\$	47,413
U.S. Bank Investment	\$	307,241
ACG	\$	80,000
	\$	<u>434,654</u>

NET INVESTMENT INCOME :
(excl. unrealized gains)

2018 \$ 15,350,533
2017 \$ 19,010,659
Since Inception * \$ 45,953,986

* As of 6/30/18

ENVIRONMENTAL BUDGET TRACKING

<u>Task Grouping</u>	<u>Budget</u>	<u>Spend</u>	<u>%</u>
F : GENERAL SITE OPERATIONS	1,589,615	338,000	21.3%
G : LEASEHOLD / OFF-SITE OPERATIONS	335,000	106,000	31.6%
H : GROUNDWATER MONITORING PROGRAM	2,426,942	891,000	36.7%
I : GWETS OPERATIONS & MAINTENANCE (ENVIROGEN)	11,647,300	2,407,000	20.7%
J : GWETS COMPLIANCE AND REPORTING	1,255,500	326,000	26.0%
K : GWETS PROJECTS AND TRUST SUPPORT	15,215,950	3,863,000	25.4%
L : REMEDIAL INVESTIGATION PLANNING / STRATEGY	23,419,270	8,108,000	34.6%
M : REMEDIAL INVESTIGATION / FEASIBILITY STUDY	54,307,850	9,756,000	18.0%
N : DOWNGRAIDENT STUDY AREA IMPLEMENTATION	1,280,800	1,117,000	87.2%
O : TRUST ENVIRONMENTAL SERVICES	1,512,600	680,000	45.0%
P : LEGAL ENVIRONMENTAL SERVICES	410,000	144,000	35.1%
Q : AGENCY OVERSIGHT	770,000	295,000	38.3%
S : FINANCIAL INSTITUTION FEES (ENVIRONMENTAL FUNDS)	739,500	336,000	45.4%
Total Estimated Q1+Q2 Environmental Spend	114,910,327	28,367,000	24.7%

* As of 6/30/18

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CLOSING REMARKS

3Q 2018 STAKEHOLDER CONFERENCE CALL